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Plaintiff YUNG KIM, an individual, on behalf of himself and on behalf of all others similarly situated (*i.e.*, the members of the Plaintiff Class described and defined within this Complaint), herein alleges as follows:

I

#### **JURISDICTION AND VENUE**

- 1. This Court has original jurisdiction of this action under the Class Action Fairness Act of 2005. The amount-in-controversy exceeds the sum or value of \$5,000,000 exclusive of interest and costs, and there is minimal diversity because certain members of the class are citizens of a different state than any defendant as required by 28 U.S.C. § 1332(d)(2).
- 2. Venue as to Defendant is proper in this judicial district. Defendant General Motors LLC sells a substantial amount of automobiles in this district, has dealerships in this district, and many of Defendant's acts complained of herein occurred in Los Angeles County, California.

II

#### **GENERAL ALLEGATIONS**

- 3. This is a civil action primarily challenging the pervasive false advertisements disseminated by Defendant GENERAL MOTORS LLC (hereinafter "Defendant" or "GM") regarding the expected gas mileage of its vehicle models. In attempting to exploit the increasingly strong consumer market preference for high gas mileage vehicles, GM advertises expected gas mileage and vehicle range on a single tank of gas, without disclosing, or inadequately disclosing, that the mileage is not an estimate of real world mileage because the estimate is based on an EPA test that does not require the test vehicle to be the same as the one purchased by buyers, is conducted under non-real world lab conditions, uses special fuel, and is obtained using a professional driver in a lab test that is trained to obtain the highest gas mileage possible during the test.
- 4. Plaintiff fell victim to these false advertisements when he purchased a 2011 GMC Terrain based on advertisements that it would experience 32 miles per gallon in

highway use and will travel 600 miles on a single tank of gas, when, in fact, these vehicles attain substantially and materially lower gas mileage under real world driving conditions, do not get 32 miles per gallon, and will not travel 600 miles on a single tank of gas under normal highway use. Furthermore, to the extent that these advertisements provided any information that they were based on EPA estimates, they failed to disclose that the EPA estimates are utilized for standard comparison between vehicles, and do not estimate real world mileage that the customer can expect to get with the vehicle. Plaintiff, for himself and all others similarly situated, brings this action for legal and equitable remedies pursuant to the Unfair Business Practices Act, California Business & Professions Code § 17200, et seq.; False Advertising, California Business & Professions Code § 17500, et seq.; Consumer Legal Remedies Act, California Civil Code § 1750, et seq.; statutory Deceit, California Civil Code § 1710; and common law fraud and negligent misrepresentation.

- 5. Plaintiff YUNG KIM (hereinafter "Plaintiff") is a resident and citizen of the city of Valencia, County of Los Angeles, State of California. He purchased a new 2011 GMC Terrain crossover vehicle on or about January 3, 2011, at Parkway Motorcars, a GM dealership located in Valencia, after researching, viewing, and relying on print and online advertisements disseminated by GM throughout California and the United States regarding the expected gas mileage and range of travel on a single tank of gas of the vehicle under normal highway use.
- 6. Defendant GENERAL MOTORS LLC is a corporation incorporated in the state of Delaware, and is a citizen of and has its principal place of business in the city of Detroit, State of Michigan. GM was and now is authorized to do business in the State of California, and based on information and belief, GM has a market share of approximately eight percent of retail auto sales.
- 7. The true names and capacities of Defendants sued herein as DOES 1 through 10, inclusive, are currently unknown to Plaintiff, who therefore sues such Defendants by such fictitious names. Each of the Defendants designated herein as a DOE is legally

8. Based upon information and belief, Plaintiff alleges that at all times mentioned herein, each and every Defendant was acting as an agent and/or employee of each of the other Defendants, and at all times mentioned was acting within the course and scope of said agency and/or employment with the full knowledge, permission, and consent of each of the other Defendants. In addition, each of the acts and/or omissions of each Defendant alleged herein were made known to, and ratified by, each of the other Defendants.

#### III

#### **FACTUAL ALLEGATIONS**

#### A. Plaintiff YUNG KIM

- 9. Plaintiff YUNG KIM purchased a new 2011 GMC Terrain crossover vehicle on or about January 3, 2011, at Parkway Motorcars. Plaintiff and his wife were expecting their first child and needed a larger vehicle for their family. In addition, Plaintiff and his wife, who worked outside the home, had decided that his wife would stay home with their baby. As a result of the consequent loss of income, the total cost of the vehicle they were purchasing was extremely important to Plaintiff. One of the most important components of the total cost of the vehicle was the gas mileage, as Plaintiff was intending to put a substantial number of miles on the vehicle each year.
- 10. Because this was such an important decision for the family, Plaintiff shopped for an extended period before buying the vehicle. He went to the dealership on numerous occasions and was provided by the dealer the brochure that contained important information about the vehicle. He also reviewed magazines about the vehicle, including Motor Trend, Wired, and Road & Track. Finally, he reviewed GM's web site that provided information about the vehicle.

- 11. When researching the GMC Terrain by reviewing GM websites, television commercials, and print advertisements in magazines, Mr. Kim was very impressed with the high gas mileage that these materials advertised the Terrain would achieve and was led to believe that the high gas mileage would be reflective of what he would experience during normal, real-world highway use. Some of the advertisements that reasonably led him to this belief were as follows:
  - Page excerpt from 2011 GMC Terrain brochure entitled "Going the Extra Mile to Make the Most Out of every Inch." (Attached hereto as Exhibit 1, with an enlarged version of the referenced section of the brochure attached as Exhibit 2.) It states that the Terrain "has the best highway fuel economy in its class at 32 highway miles per gallon" and displays a chart that includes a reference to "UP TO 600 HWY MILES." Beside this chart is a map which outlines in red a route from Chicago, past Cleveland and Buffalo, to Rochester, New York, which is over 600 miles. The brochure goes on to state that the "Terrain offers class-leading highway fuel economy without sacrificing performance. Equipped with a 2.4L I-4, Terrain offers 32 EPA-estimated highway miles per gallon, *and* can go up to 600 highways miles on a single tank of gas." (Emphasis added)
  - A General Motors advertisement in Road & Track magazine which states "32 HWY MPG RATED, AVAILABLE POWER LIFTGATE, SEATING FOR 5 ADULTS. WE PROBABLY HAD YOU AT 32 MPG." (Attached hereto as Exhibit 3.)
  - Page excerpt from 2011 GMC Terrain brochure for the 2011 GMC Terrain stating, "AT 32 HIGHWAY MILES PER GALLON, WE GAVE IT BETTER FUEL ECOMONY THAN ANY SUV OR CROSSOVER", with a fine print footnote stating "EPA estimated". (Attached hereto as Exhibit 4.)
- 12. Based on these representations, Mr. Yung reasonably believed that the Terrain would achieve approximately 32 miles per gallon and travel 600 miles on a single

tank of gas during normal, real-world highway use. Furthermore, none of these advertisements provide any disclaimer that the actual gas mileage under normal, real world driving conditions will actually and substantially vary from the advertised gas mileage and travel range of a tank of gas.

- 13. Plaintiff heavily relied on these representations when he decided to buy the 2011 GMC Terrain. His wife did not want to buy the vehicle as she favored other vehicles. Plaintiff provided her with the brochure and advertisements about the fuel mileage to convince her to purchase the vehicle, and without the representations in the advertisements about the mileage per gallon and travel range of the vehicle on a single tank of gas, Plaintiff would not have purchased the vehicle.
- 14. However, after purchasing the vehicle, Mr. Yung discovered that it consistently achieved gas mileage far below the advertised mileage under normal, real-world use. He took the vehicle to the GM dealership twice to complain about the discrepancy. The first time the dealership indicated that it was likely a maintenance issue. When Plaintiff pointed out the vehicle had only 1,500 miles, the dealership then indicated they would look into it and get back to him. They did not. The second time the dealership checked to see if there were any bulletins about low mileage and indicated there were not and that there was nothing they could do to help Plaintiff achieve higher gas mileage.
- 15. GM's advertisements made to Plaintiff and the putative class members were false, as the Terrain does not travel 600 miles on one tank of gas or attain an average 32 miles per gallon throughout those 600 miles under normal highway driving conditions.
- 16. Had it been disclosed to Mr. Yung that GM's advertisements of the Terrain's expected gas mileage under normal highway conditions were inflated compared to the actual performance of the vehicle he purchased, than he would not have purchased the 2011 GMC Terrain. Mr. Kim has, therefore, been damaged by the amount of the purchase price of the vehicle, and seeks, on behalf of himself and the putative class, damages, rescission, restitution, and injunctive relief in the form of requiring GM to

cease its false advertising and engage in a corrective campaign to fully disclose material information about the vehicle's mileage.

#### B. Defendant General Motors LLC

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- world, and designs, manufactures, advertises, and sells numerous well-known brands, including GMC, Chevrolet, Buick, and Cadillac. In attempting to capitalize on strong consumer preference for better fuel economy and smaller vehicles, GM has focused the last couple of years on producing, advertising, and selling smaller, more fuel-efficient vehicles, including the crossover model GMC Terrain. However, in the process of promoting sales, GM has engaged in widespread misleading and deceptive advertisements, including throughout California, regarding the real-world gas mileage of these vehicles by promoting grossly inflated gas mileage numbers which the vehicles, in fact, fall substantially short of attaining in real world, normal use. It does that by either failing to disclose the MPG number is based on an EPA test, and/or fails to disclose that the EPA test numbers are inflated in relation to real world driving conditions.
- 18. GM, like all major auto-manufacturers, has realized the extent to which modern consumers highly value fuel-efficiency as a result of the prolonged spike in gas prices and the nationwide recession. Based on information and belief, most consumers consider high fuel economy important and a substantial factor in their purchasing decisions for new vehicles. Customers' strong preference for more fuel-efficient vehicles is based on the fact that these vehicles provide greater savings for consumer budgets. As a result of these strong trends in market preference and demands, all auto-manufacturers began focusing on appealing to these characteristics of the market.
- 19. Although GM was perhaps the last major auto-manufacturer to embrace this strategy, it finally did so by focusing on designing smaller, lighter, more fuel efficient vehicles. However, in promoting the expected gas mileage of these new models, GM engaged in a pervasive, multi-media advertising campaign which lauded the high gas mileage attained by its vehicles in order to induce customers to believe that was the gas

mileage that they would obtain under normal, real world driving conditions. For instance, the 32 mile per gallon figure that was provided in the advertisements for the Terrain was an EPA fuel mileage figure used for sticker comparisons that, pursuant to federal law, must include on the window sticker an accompanying disclosure that the EPA estimate would not reflect real world fuel mileage. The reason is, as GM was well aware, that the miles per gallon under EPA test conditions grossly overstates actual expected highway mileage in real world driving conditions.

The purpose of the EPA gas mileage estimate is to provide a consistent way 20. for consumers to be able to compare the fuel efficiency of different vehicles under identical test conditions. However, the EPA estimates are not designed to determine, nor are they accurate predictors of, the actual expected mileage for a vehicle under normal, real life driving conditions. The reason is that the test conditions are such as to maximize fuel mileage far beyond what a normal customer would experience. First, the EPA mileage tests are not conducted on roads, but rather are conducted in laboratories on machines known as dynamometers that do not provide the normal challenges to fuel mileage as would be experienced under real world driving conditions. Further, the highway portion of the test averages only 48.3 mph and tops out at 60 mph. Obviously, an average highway speed of 48.3 mph is not reflective of normal highway speeds and will result in inflated mpg versus normal highway driving conditions. In addition, the fuel used for these tests is a special fuel that is more efficient than fuel used by consumers in normal driving conditions. Also, the test lasts about 95 minutes with the car's air conditioning on for just 10 minutes of that time. Finally, the test is performed with only the driver, who is a professional driver whose job is to maximize the results of the test. Each of these issues results in a test mpg figure that is inflated over what can be expected in real world driving conditions and, as such, is improper to use for purposes of representing to customers what they can expect from the vehicle in real life driving conditions.

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- 21. Additionally, the EPA relies on automakers to conduct their own tests, and self-report the results. The agency physically tests and audits only about 15% of the models on the market.
- 22. As a result of the tremendous difference in driving conditions between the EPA testing and normal, real world driving, the EPA mileage estimates are substantially inflated in comparison to the mileage attained by the same models while driven in the real world.
- "may not accurately predict the average MPG you will get." In fact, the EPA, which requires that auto-manufacturers place window stickers on new models with the EPA city and highway estimates printed on them, also requires on the sticker as a significant, material disclosure the words, "[a]ctual mileage will vary," pursuant to 40 C.F.R. § 600.307-86(a)(ii)(A). (Emphasis added.)
- 24. In particular, this severe discrepancy in the EPA estimates and actual performance of the GMC Terrain have been well documented. A 2011 expert review published in the respected industry website "Edmunds.com," noted about the GMC Terrain that the "[e]stimated fuel stands at 22 mpg city/32 mpg highway and 26 mpg combined . . . . These numbers are impressive, but after extensive testing, we have failed to see such thriftiness from the four-cylinder Terrain especially on the highway." The same discrepancy has also been discovered with respect to the GMC Terrain's twin, the Chevrolet Equinox, a discrepancy that was the subject of a recent investigative piece published in the Los Angeles Times on August 2, 2011.
- 25. However, Plaintiff does not challenge the EPA figures for the subject vehicles or the manner in which those figures were calculated, subject to confirmation that the EPA estimates for these vehicles were the result of the EPA-approved testing conditions. Instead, Plaintiff challenges GM's systematic advertising scheme that misleadingly and unfairly uses the EPA mileage numbers to represent and imply that the

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miles-per-gallon highway EPA estimate reflects actual, expected mileage under normal, real world driving conditions.

- Although mention of the EPA estimates alone is not fraudulent or deceptive 26. when accompanied by explicit disclosures that such estimates are EPA estimates and that they should not be used to predict actual mileage, GM, when it discloses that these MPG figures are EPA estimates, couches the official EPA number among explicit and implicit statements and context throughout the advertisements which misrepresent the expected gas mileage of subject vehicles in normal, real world conditions. These widely disseminated statements and advertisements, in addition to those identified in paragraph 10 include the following:
  - Press Release, dated June 1, 2011, entitled "May U.S. Retail Sales Rise 9 Percent on Demand for Fuel-Efficient Vehicles." Regarding GM's compact crossovers the Equinox and Terrain, vice president of U.S. Sales Operations Don Johnson is quoted as saying "[c]ustomers love the 610-mile range that our compact crossovers provide and they get it without sacrificing capability or style". This is a false representation as the subject vehicles are not "capable" of being driven 610 miles on one tank of gas in normal, real world highway conditions.
  - GM's Chevrolet website for the Equinox, which states:"Meticulous craftsmanship and upscale styling combined with a flexible interior and class-leading highway fuel economy (5,6) sets Equinox apart from the rest. With 32 MPG highway and a highway driving range of up to 600 miles, Equinox beats Honda CR-V, Toyota RAV4 and even Ford Escape Hybrid." This repeats the same false claims GM represents about the Terrain's actual mileage and driving range in normal, real-world use. GM's intent to falsely portray the EPA estimate as actual expected mileage is revealed by the fact no reference is made to "EPA estimate" in association with the "32 MPG" or "600 miles." Moreover, not only is the only disclosure regarding the

advertised mileage being an EPA estimate contained in a footnote, referenced in association with the claim of "class-leading highway fuel economy (5,6)," that does not even appear on the same web page as text to which the footnote refers. Instead, the user must actually drag the mouse pointer over the text "view additional disclosures" at the very bottom of the web page before they will discover that the mileage being referred to in the advertisement is an EPA estimate and not expected mileage under normal driving conditions.

Further, television, online, and print advertisements prominently display the EPA figure without disclosing that the actual mileage *will vary*. Federal law requires that the sticker labels disclaim EPA mileage estimates with the words, "[a]ctual mileage *will vary*," pursuant to 40 C.F.R. § 600.307-86(a)(ii)(A), but GM's multi-media advertisements omit the disclaimer entirely. (Emphasis added.) Such advertisements include:

- Example D: Magazine advertisement which states "32 HWY MPG RATED, AVAIALBLE POWER LIFTGATE, SEATING FOR 5 ADULTS. WE PROBABLY HAD YOU AT 32 MPG." (Exhibit 3,)
- Example E: The television spot entitled "May the Best Car Win: GMC Terrain vs. Mini," which favorably compares solely the EPA estimates for the GMC Terrain versus the Mini Cooper, without appropriate disclosures.
- Example F: Brochure for the 2011 GMC Terrain stating, "AT 32 HIGHWAY MILES PER GALLON, WE GAVE IT BETTER FUEL ECOMONY THAN ANY SUV OR CROSSOVER", with a fine print footnote stating "EPA estimated," but no other material disclosures. (Exhibit 4.)

The advertisement scheme to push misleading information about actual gas mileage performance was and is pervasive and includes many other substantially similar advertisements not mentioned herein. Based on information and belief this pattern of non-disclosure is used throughout its models.

- 27. Plaintiff and the putative class reasonably relied on GM's material false representations regarding the miles per gallon during normal, real world highway use of its vehicles. A reasonable consumer would expect a vehicle advertised as attaining an advertised miles per gallon under real world highway use would actually perform as such. Furthermore, a reasonable consumer in today's market attaches material importance to advertisements of high gas mileage, as fuel efficiency is one of the most, if not *the* most, important considerations in making purchasing decisions for most consumers.
- 28. As a result of GM's misleading advertising scheme, GM has recorded significantly increased sales and greater market shares in California and throughout the country. For instance, GM has recently reported that GM's crossover retail sales were the highest ever for the month of May and were driven by a 58 percent increase in combined retail sales for the 32 mile-per-gallon highway rated Equinox and Terrain, and that these vehicles have set retail sales records for the month with Equinox retail sales up 62 percent and Terrain's 48 percent higher than May 2010.

#### IV

### **CLASS ACTION ALLEGATIONS**

29. Plaintiff initially proposes a Nationwide class – the "Class" – defined as follows:

All owners of GM automobiles who purchased the vehicles in the United States and where GM made false or misleading statements and advertisements about MPG gas mileage in real world conditions.

Excluded from the above class is any entity in which Defendant has a controlling interest, and officers or directors of Defendant.

30. Alternatively, Plaintiff proposes a California class, defined as follows:

All owners of GM automobiles who purchased the vehicles in

California and where GM made false or misleading statements

# and advertisements about MPG gas mileage in real world conditions.

Excluded from the above class is any entity in which Defendant has a controlling interest, and officers or directors of Defendant.

- 31. This action is brought as a class action and may properly be so maintained pursuant to the provisions of the Federal Rules of Civil Procedure 23(a) and 23(b). Plaintiff reserves the right to modify the class definitions and the class period based on the results of discovery.
- 32. Numerosity of the Class The members of the Class are so numerous that their individual joinder is impracticable. Plaintiff is informed and believes that there are at least thousands of purchasers in the class. Inasmuch as the class members may be identified through business records regularly maintained by Defendant and its employees and agents, and through the media, the number and identities of class members can be ascertained. Members of the Class can be notified of the pending action by e-mail, mail, and supplemented by published notice, if necessary;
- 33. Existence and Predominance of Common Question of Fact and Law There are questions of law and fact common to the Class. These questions predominate over any questions affecting only individual class members. These common legal and factual issues include, but are not limited to:
  - a. Whether the subject vehicles achieve gas mileage materially lower than the advertised expected mileage;
  - b. Whether the subject vehicles achieve range on a single tank of gas materially less than the advertised expected range;
  - c. Whether GM's advertisements were false and deceptive in advertising the expected mileage of the subject vehicles in normal, real world highway usage;

- d. Whether GM's advertisements failed to provide material disclosures that the expected gas mileage cannot be achieved in normal, real world highway usage;
- e. Whether GM's conduct violates the laws as set forth in the causes of action.
- 34. <u>Typicality</u> The claims of the representative Plaintiff are typical of the claims of each member of the Class. Plaintiff, like all other members of the Class, has sustained damages arising from Defendant's violations of the laws, as alleged herein. The representative Plaintiff and the members of the Class were and are similarly or identically harmed by the same unlawful, deceptive, unfair, systematic, and pervasive pattern of misconduct engaged in by Defendant.
- 35. <u>Adequacy</u> The representative Plaintiff will fairly and adequately represent and protect the interests of the Class members and has retained counsel who are experienced and competent trial lawyers in complex litigation and class action litigation. There are no material conflicts between the claims of the representative Plaintiff and the members of the Class that would make class certification inappropriate. Counsel for the Class will vigorously assert the claims of all Class members.
- 36. Predominance and Superiority This suit may be maintained as a class action under Federal Rule of Civil Procedure 23(b)(3) because questions of law and fact common to the Class predominate over questions affecting only individual members of the Class and a class action is superior to other available means for the fair and efficient adjudication of this dispute. The damages suffered by individual class members are small compared to the burden and expense of individual prosecution of the complex and extensive litigation needed to address Defendant's conduct. Further, it would be virtually impossible for the members of the Class to individually redress effectively the wrongs done to them. Even if Class members themselves could afford such individual litigation, the court system could not. In addition, individualized litigation increases the delay and expense to all parties and to the court system resulting from complex legal and factual

issues of the case. Individualized litigation also presents a potential for inconsistent or contradictory judgments. By contrast, the class action device presents far fewer management difficulties; allows the hearing of claims which might otherwise go unaddressed because of the relative expense of bringing individual lawsuits; and provides the benefits of single adjudication, economies of scale, and comprehensive supervision by a single court.

- 37. The Class Plaintiff contemplates the eventual issuance of notice to the proposed Class members setting forth the subject and nature of the instant action. Upon information and belief, Defendant's own business records and electronic media can be utilized for the contemplated notices. To the extent that any further notices may be required, the Class Plaintiff would contemplate the use of additional media and/or mailings.
- 38. In addition to meeting the statutory prerequisites to a Class Action, this action is properly maintained as a Class Action pursuant to Rule 23(b) of the Federal Rules of Civil Procedure, in that:
- a. Without class certification and determination of declaratory, injunctive, statutory and other legal questions within the class format, prosecution of separate actions by individual members of the Class will create the risk of:
- i. Inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the parties opposing the Class; or
- ii. Adjudication with respect to individual members of the Class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudication or substantially impair or impede their ability to protect their interests;
- b. The parties opposing the Class have acted or refused to act on grounds generally applicable to each member of the Class, thereby making appropriate final injunctive or corresponding declaratory relief with respect to the Class as a whole; or

- c. Common questions of law and fact exist as to the members of the Class and predominate over any questions affecting only individual members, and a Class Action is superior to other available methods of the fair and efficient adjudication of the controversy, including consideration of:
- i. The interests of the members of the Class in individually controlling the prosecution or defense of separate actions;
- ii. The extent and nature of any litigation concerning controversy already commenced by or against members of the Class;
- iii. The desirability or undesirability of concentrating the litigation of the claims in the particular forum;
- iv. The difficulties likely to be encountered in the management of a Class Action.

#### FIRST CAUSE OF ACTION

## (Violation of California Business & Professions Code Sections 17200, et seq. – Unfair Business Practices Act)

- 39. Plaintiff incorporates by reference and realleges all paragraphs previously alleged herein.
- 40. The Unfair Business Practices Act defines unfair business competition to include any "unfair," "unlawful," or "fraudulent" business act or practice. The Act also provides for injunctive relief, restitution, and disgorgement of profits for violations.
- 41. Defendant's unlawful, unfair, and fraudulent business acts and practices are described throughout this Complaint and include, but are not limited to, falsely advertising the expected gas mileage of the subject vehicles, falsely advertising the expected range on a single tank of gas, and failing to disclose that the advertised expected mileage is unachievable and differs materially from real life highway performance.
- 42. In addition to the above, the conduct as alleged throughout the complaint constitutes a violation of False Advertising Laws (Cal. Bus. & Prof. Code § 17500, et seq.), the Consumer Legal Remedies Act (Cal. Civ. Code § 1750, et seq.), statutory

- Deceit (Cal. Civ. Code § 1710), and fraud and negligent misrepresentation that not only results in liability as individual causes of action, but also provides a basis for a finding of liability under California Business and Professions Code § 17200, et seq.
- 43. Furthermore, Defendant's practices violate the declared legislative policies as set forth by the federal government in 40 C.F.R. § 600.307(a)(ii)(A).
- 44. Plaintiff and the Class members, and each of them, have been damaged by said practices. Pursuant to California Business and Professions Code §§ 17200 and 17203, Plaintiff, on behalf of himself and all others similarly situated, seeks relief as prayed for below.

### SECOND CAUSE OF ACTION

## (Violation of California Business & Professions Code Sections 17500, et seq. – False Advertising Laws)

- 45. Plaintiff incorporates by reference and realleges all paragraphs previously alleged herein.
- 46. Defendant disseminated advertisements in print, online, and television formats contained materially misleading and deceptive information and omitted material information, as discussed throughout the Complaint, for purposes of inducing customers to purchase the subject vehicles, in violation of California Business and Professions Code § 17500, et seq.
- 47. Plaintiff and the Class, and each of them, have been damaged by said practice and seek relief as prayed for below.

### THIRD CAUSE OF ACTION

## (Violation of California Civil Code Section 1750 et seq. – Consumer Legal Remedies Act)

- 48. Plaintiff incorporates by reference and realleges all paragraphs previously alleged herein.
- 49. The following definitions come within the meaning of the Consumer Legal Remedies Act (Cal. Civ. Code § 1750, et seq.):

- a. The members of the Class, all of whom purchased the subject vehicle manufactured and sold by GM are "consumers," (Cal. Civ. Code § 1761(d));
- b. Defendant GM is a "person," (Cal. Civ. Code § 1761(c));
- c. Plaintiff's and each and every Class members' purchase of the subject vehicle constitute a "transaction," (Cal. Civ. Code § 1761(e)); and
- d. The subject vehicles are "goods," (Cal. Civ. Code § 1761 (a)).
- 50. The acts and practices of Defendant as discussed throughout the Complaint, constitute "unfair or deceptive acts or practices" by Defendant, that are unlawful, as enumerated in section 1770(a) of the California Civil Code.
- 51. Such misconduct materially affected the purchasing decisions of Plaintiff and the members of the Classes.
- 52. Plaintiff seeks restitution and injunctive relief pursuant to California Civil Code § 1780.
- 53. On or about August 9, 2011, Plaintiff notified Defendant of the unlawful acts and practices described above by written notice which contained a demand that Defendant pay damages in the amount of the reimbursement cost for Plaintiff and all other purchasers of the purchase price of the subject vehicles. A copy of Plaintiff's "Notice of Intent to Bring an Action for Damages Under the Consumer Legal Remedies Act" is attached as Exhibit "5" and is incorporated by reference.
- 54. Pursuant to California Civil Code section 1782(b), Defendant was required to respond to Plaintiff's notice and demand letter within 30 days of its receipt by either correcting, repairing, replacing, or rectifying the violation set forth in the notice and demand or by agreeing to correct, repair, replace, or rectify the violation within a reasonable time. Defendant failed to respond to Plaintiff's notice and demand.
- 55. As a result of the California Civil Code section 1770 violations described above, Plaintiff and each and every member of the Class have suffered actual damages.

- 56. Plaintiff seeks actual damages and restitution pursuant to California Civil Code section 1780.
- 57. Furthermore, Defendant acted with oppression, fraud, and/or malice in engaging in the California Civil Code section 1770 violations described above. As a result, Plaintiff is entitled to punitive damages, pursuant to California Civil Code section 1780.

## FOURTH CAUSE OF ACTION

#### (Fraud)

- 58. Plaintiff incorporates by reference and re-alleges all paragraphs previously alleged herein.
- 59. The misrepresentations, nondisclosure, and/or concealment of material facts made by Defendant to Plaintiff and the members of the Class, as set forth above, were known, or through reasonable care should have been known, by Defendant to be false and material and were intended by Defendant to mislead Plaintiff and the members of the Class.
- 60. Plaintiff and the Class were actually misled and deceived and were induced by Defendant to purchase the subject vehicles which they would not otherwise have purchased.
- 61. As a result of the conduct of Defendant, Plaintiff and the Class members have been damaged. In addition to such damages, Plaintiff seeks punitive or exemplary damages pursuant to California Civil Code § 3294 in that Defendant engaged in "an intentional misrepresentation, deceit, or concealment of a material fact known to the defendant with the intention on the part of the defendant of thereby depriving a person of property or legal rights or otherwise causing injury."

## FIFTH CAUSE OF ACTION

#### (Negligent Misrepresentation)

62. Plaintiff incorporates by reference and re-alleges all paragraphs previously alleged herein.

- 63. Defendant had a duty to provide honest and accurate information to its customers so that customers can make informed decisions on the substantial purchase of automobiles.
- 64. Defendant specifically and expressly misrepresented material facts to Plaintiff and Class members, as discussed above.
- 65. Defendant knew or in the exercise of reasonable diligence should have known, that the ordinary consumer would be misled by Defendant's misleading and deceptive advertisements.
- 66. Plaintiff and the Class members justifiably relied on Defendant's misrepresentations and have been damaged thereby.

## SIXTH CAUSE OF ACTION

## (California Civil Code § 1710 - Deceit)

- 67. Plaintiff incorporates by reference and re-alleges all paragraphs previously alleged herein.
- 68. Based on Defendant's conduct as discussed above, Defendant has engaged in fraud and deceit as set forth in California Civil Code § 1710. Plaintiff and the Class members have reasonably relied on the material misrepresentations and omissions made by Defendant and have been damaged thereby.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and the members of the Class, demands judgment against and general and special relief from Defendant as follows:

- 1. An order certifying that the action may be maintained as a Class Action as defined herein and appointing Plaintiff and his counsel of record to represent the defined Class;
- 2. An order enjoining Defendant under California Business and Professions Code §§ 17203 and 17535 and California Civil Code §§ 1780 and 1781:
  - a. To rescind the sales of subject vehicles purchased in California and/or reimburse Plaintiff and the Class members for the purchase price for those

subject vehicles as restitution of all funds improperly obtained by Defendant as a result of such acts and practices declared by this Court to be unlawful, fraudulent, or an unfair business act or practice, a violation of laws, statutes, or regulations, or constituting unfair competition;

- b. To disgorge all profits and compensation improperly obtained by

  Defendant as a result of such acts and practices declared by this Court to
  be unlawful, fraudulent, or an unfair business act or practice, a violation
  of laws, statutes, or regulations, or constituting unfair competition; and
- c. To cease engaging in false advertising and to disseminate an informational campaign to correct its misrepresentations and material omissions.
- 3. For damages under the causes of action for violation of the Consumer Legal Remedies Act, fraud, negligent misrepresentation and statutory Deceit;
- 4. For punitive damages, pursuant to California Civil Code § 3294 and 1780(a)(4);
- 5. For reasonable attorney's fees and costs, pursuant to California Code of Civil Procedure § 1021.5, California Civil Code § 1780(d), and other statutes as may be applicable;
  - 6. For prejudgment interest to the extent allowed by law;
  - 7. For costs of suit incurred herein;
  - 8. For such other and further relief as the Court deems appropriate.

DATED: October 28, 2011.

McCuneWright, LLP

BY:

Richard D. McCune

Attorneys for Plaintiff and the

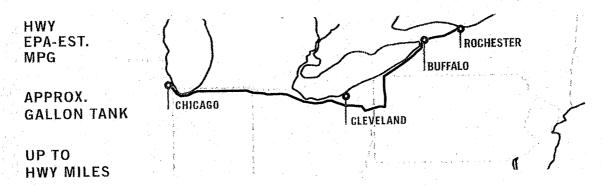
**Putative Class** 

**EXHIBIT 1** 

## GOING THE EXTRA MILE TO MAKE THE MOST OUT OF EVERY INCH.

Every inch of Terrain challenges the notion of what an SUV can be. It has the best highway fuel economy in its class¹ at 32 highway miles per gallon, and fits into smaller garages and tighter parking spaces with ease. Terrain also rewards you with big-SUV comfort, professional-grade capability and bold GMC styling—it's the very definition of efficiency without compromise.

## FIGURE 1: INTELLIGENT PERFORMANCE



Terrain offers class-leading highway fuel economy without sacrificing performance. Equipped with a 2.4L I-4, Terrain offers 32 EPA-estimated highway miles per gallon, and can go up to 600 highway miles on a single tank of gas. At 182 horsepower and 172 lb-ft of torque, the engine delivers responsive power when you need it for a confident driving experience.

#### BIG SUV COMFORT

Terrain features the head and leg room of a full-sized SUV. To make the most of available interior space, its clever MultiFlex rear seat slides to create 39.9 inches of class-leading rear leg room, and can even recline for rear passenger comfort. The seatbacks also fold down to create nearly 64 cubic feet of available cargo space.

#### BOLD GMC STYLING

Terrain takes a strong stance worthy of its professional-grade heritage—with squared-off corners, flared fenders, a prominent chrome surround grille and projector-beam head-lamps mounted in large, rectangular chrome housings. What you get is plenty of bold styling and a commanding view of the road.

## HELP WHEN YOU NEED IT MOST

Every Terrain offers a six-month trial subscription to OnStar Directions & Connections. Whether you're lost, stranded, involved in a crash or your vehicle's been stolen, an OnStar Advisor is there to get you whatever help you need, 24 hours a day.

<sup>1</sup>EPA-estimated 32 hwy mpg. Based on GM 2010 Compact SUV-Crossover segment. <sup>2</sup>Cargo and load capacity limited by weight and distribution. <sup>3</sup>Go to onstar.com for details and system limitations. Services vary with conditions.

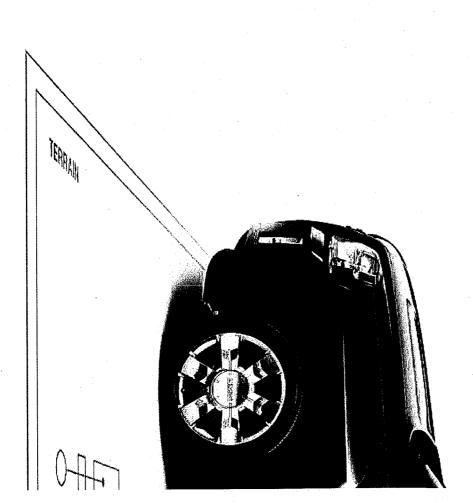
WE PROBABLY HAD YOU AT 32 MPG.



ated by CamScanner

2011 GMC TERRAIN

DEMAND MODERN UTILITY. SO WE USED BIG THINKING TO DESIGN A SMALLER SUV WITH THE STANDARD FEATURES, PASSENGER COMFORT AND GREAT CAPABILITY YOU WOULD EXPECT IN A FULL-SIZED SUV. AT 32 HIGHWAY MILES PER GALLON; WE GAVE IT BETTER FUEL ECONOMY THAN ANY SUV OR CROSSOVER. THIS IS TERRAIN. WE GAVE IT MORE IDEAS PER SQUARE INCH. BECAUSE MORE IS WHAT WE DO.



MORE IDEAS PER SQUARE INCH.

**EXHIBIT 4** 

1	RICHARD D. McCUNE, Esq., State Bar No. 132124 rdm@mccunewright.com JAE (EDDIE) K. KIM, Esq., State Bar No.: 236805 jkk@mccunewright.com McCuneWright LLP 2068 Orange Tree Lane, Suite 216 Redlands, California 92374		
2			
3			
4			
5	Telephone: (909) 557-1250 Facsimile: (909) 557-1275		
6	Attorneys for Plaintiff and the putative class		
7			
8			
9	YUNG KIM, on behalf of himself and all others similarly situated,  ) NOTICE OF INTENT TO BRING AN ACTION FOR DAMAGES UNDER THE CONSUMER  ) LEGAL REMEDIES ACT		
10	·		(Civil Code Sections 1750-1784)
. 11	v.		
12	GENERAL MOTORS LLC; and DOES 1 }		
13	anough to,	Defendants.	
14		Defendants.	
15	1.	NOTICE SENT TO:	
16		General Motors LLC	
17		Attention: Legal Department 300 Renaissance Ctr. Detroit, MI 48265	
18 19	2.	ENTITY ALLEGED TO HAVE VIOL ACT (CLRA):	ATED THE CONSUMER LEGAL REMEDIES
20		General Motors LLC	
21	3. <u>APPROXIMATE NUMBER OF AFFECTED COSTUMERS</u> :		
22	Precise number unknown, but a substantial number of people as to warrant a class action		
23	suit.		
24	4. <u>SPECIFIC SECTION(S) OF CLRA VIOLATED.</u> :		
.25	Civil Code § 1770:		
26	(5) Representing that goods or services have sponsorship, approval,		
27	characteristics, ingredients, uses, benefits, or quantities which they do not have or that a		
28			
	CI DA Notice -	-1-	Congumer Local Damadica Act
	CLRA Notice of Intent to Bring an Action for Damages Under the Consumer Legal Remedies Act		
ļ		EXHIBIT	J

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- (7) Representing that goods are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another; and
  - (9) Advertising goods or services with intent not to sell them as advertised.

#### 5. FACTS SUPPORTING VIOLATION OF CIVIL CODE § 1770

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Claimant contends that General Motors LLC ("GM") engaged in widespread misleading and deceptive advertisements throughout California and the United States regarding the real-world gas mileage of its vehicles, including the 2010 and 2011 year models of the GMC Terrain and Chevrolet Equinox (together, "subject vehicles"). Specifically, GM asserts misrepresentations and makes material omissions when advertising the EPA gas mileage estimates such as to give the reasonable consumer the understanding that the EPA estimated highway mileage represents the expected mileage achieved through normal, real-world use. For example, GM advertises in its brochures and online that the Terrain and Equinox can achieve 32 EPA estimated highway mileage, and further misleadingly states that this results in a driving range of 600 miles per tank in real-life driving conditions, when in fact, these vehicles cannot reach a range that is even substantially close to that represented range. GM's advertisements are further misleading because they fail to include the material disclaimer that actual mileage "will vary," a requirement that is imposed by the EPA for the window sticker label so as to not mislead consumers about actual expected mileage. A reasonable consumer in the current market values fuel economy as highly as any other consideration in purchasing a new car, and would understand such advertisements as representing the expected gas mileage under normal, real-life driving conditions.

Claimant purchased a 2011 GMC Terrain on or about January 3, 2011 at the GM dealership in the city of Valencia, CA. Prior to purchasing the vehicle, he reviewed and relied on several GM advertisements that made the above misleading advertisements concerning the Terrain's high mileage that is achievable when driving his vehicle in

## normal, real-world conditions. Had he known that the Terrain in fact achieves a substantially and materially lower gas mileage figure, he would not have purchased the vehicle, and has therefore been damaged. Accordingly, GM's unfair and deceptive practices are in violation of Civil Code § 1770(a)(5), (7) and (9). **DEMAND** 6. Claimant, on behalf of the proposed class, demands that General Motors LLC pay damages in the amount of the reimbursement cost for Claimant and all other purchasers of the purchase price for the subject vehicles. McCuneWright, LLP DATED: August 8, 2011. Attorney for Plaintiff CLRA Notice of Intent to Bring an Action for Damages Under the Consumer Legal Remedies Act

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1	PROOF OF SERVICE			
2	STATE OF CALIFORNIA			
3	COUNTY OF SAN BERNARDINO			
4	I am employed in the County of San Bernardino, State of California. I am over the age of 18			
5	years and not a party to the within action; my business address is 2068 Orange Tree Lane, Suite 216, Redlands, California, 92374.			
6				
7	On August 8, 2011, I served the foregoing document described as NOTICE OF INTENT TO BRING AN ACTION FOR DAMAGES UNDER THE CONSUMER LEGAL REMEDIES ACT (Civil Code Sections 1750-1784) on the interested parties through their respective attorneys of record in this action, by placing a  true copy or original thereof enclosed in sealed envelopes addressed as follows:			
8				
9				
10	General Motors LLC			
11	Attention: Legal Department 300 Renaissance Ctr.			
12	Detroit, MI 48265			
13	MERITOD OF SEDVICE.			
14	METHOD OF SERVICE:			
15	[ ] (BY MAIL) I am readily familiar with the firm's business practice for collection and processing of correspondence for mailing. Under that practice, I caused such envelopes with			
16 17	postage thereon fully prepaid to be placed in the United States mail at Redlands, California.			
18	[ ] (BY FACSIMILE) I caused such documents to be transmitted by facsimile to the offices of the addressee(s) to the facsimile number(s) listed above.  [ ] (BY PERSONAL SERVICE) I caused such envelope(s) to be delivered by hand to the offices of the addressee(s).  [ X ] (BY OVERNIGHT DELIVERY) I caused such document to be delivered by overnight delivery to the offices of the addressee(s).			
19				
20				
21				
22				
23	The state of Colifornia that the characteristics of the Characteristics of Colifornia that the characteristics			
24	I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on the above-referenced date at Redlands, California.			
25				
26	Ann Marie Smith			
27	Ann iviarie Silliui			
28				
	Proof of Service			

**EXHIBIT 5** 

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## Case 2:11-cv-06459-GAF-MRW Document 4 Filed 11/08/11/ Page 31 of 32 Page 1D #:68

From: (909) 557-1250 Richard D. McCune, Esquire McCune & Wright, LLP 2068 Orange Tree Lane, Ste. 216

Origin ID: RIVA

Fed x.

Ship Date: 08AUG11 ActWgt 0.5 LB CAD: 9533514/INET3180

Rediands, CA 92374

BILL SENDER

Delivery Address Bar Code

Ref#

PO# Dept#

SHIP TO: (909) 557-1250 Attn: Legal Department **General Motors LLC** 

**300 RENAISSANCE CTR DETROIT, MI 48243** 

TRK# 0201

TUE-09 AUG A1 STANDARD OVERNIGHT

7950 5873 9703

**XH DTWA** 

48243 DTW



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2. Fold the printed page along the horizontal line.

3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

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#### Ann Smith

From: Sent:

TrackingUpdates@fedex.com Tuesday, August 09, 2011 6:13 AM

To:

Ann Smith

Subject:

FedEx Shipment 795058739703 Delivered

This tracking update has been requested by:

Company Name: McCune & Wright, LLP

Name:

Richard D. McCune, Esquire

E-mail:

ams@mccunewright.com

Our records indicate that the following shipment has been delivered:

Reference:

Kim v GM

Ship (P/U) date:

Aug 8, 2011

Delivery date:

Aug 9, 2011 9:11 AM

Sign for by:

C. HURST

Delivery location:

ROMULUS, MI

Delivered to:

FedEx Location

Service type:

FedEx Standard Overnight

Packaging type:

FedEx Envelope

Number of pieces:

1

Weight:

0.50 lb.

Special handling/Services: Hold at FedEx location

Tracking number: 795058739703

Shipper Information

Recipient Information

Richard D. McCune, Esquire

Attn: Legal Department

McCune & Wright, LLP

General Motors LLC

2068 Orange Tree Lane, Ste. 216 300 RENAISSANCE CTR

Redlands

DETROIT

CA

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US

US

92374

48243

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Thank you for your business.